

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 101

(Senator Gladden)

Judicial Proceedings

Environmental Matters

Real Property - Homeowners Associations - Amendment of Governing Documents

This bill authorizes a governing document of a homeowners association to be amended by the affirmative vote of lot owners having at least two-thirds of the votes in the development, unless a lower percentage is required in the governing document. The bill also allows a governing document of a homeowners association to be amended at least once every five years, unless a greater frequency is allowed by the governing document. The bill's provisions apply only to homeowners associations created before January 1, 1960.

Fiscal Summary

State Effect: The bill would not directly affect State finances or operations. If the Attorney General's Office receives fewer than 50 complaints per year stemming from the bill, the additional workload could be handled with existing resources.

Local Effect: None – see above.

Small Business Effect: None.

Analysis

Bill Summary: As defined in the bill, a governing document of a homeowners association includes • a declaration; • bylaws; • a deed and agreement; and • recorded covenants and restrictions.

Current Law/Background: Chapter 469 of 2005 established the Task Force on Common Ownership Communities. The full task force met 10 times during 2006 and conducted 5 public hearings, at which public comments were solicited. In addition, subcommittees comprised of task force members met several times. The task force made numerous recommendations on various topics; the bill reflects the recommendations regarding one such topic.

Specifically, the task force found that many older common ownership communities (COCs) are severely restricted in the frequency with which they may modify their governing documents, as well as the percentage of owners required to approve such changes. In its December 2006 final report, the task force recommended a law that would allow all COCs to amend their governing documents at least once every five years, and require approval of any such amendment by the affirmative vote of not more than two-thirds of their members. The task force indicated in its recommendation that the proposed law should override existing provisions in COC governing documents that require less frequent amendments or greater majorities, except as required in certain circumstances by existing statutes.

The bill would allow older communities with homeowners associations, such as Chatham in Baltimore, to amend their governing documents more frequently but would not apply to newer communities such as Columbia.

Additional Information

Prior Introductions: Similar bills were introduced in 2006. SB 779 received an unfavorable report by the Senate Judicial Proceedings Committee, and HB 808 was heard by the House Environmental Matters Committee, but no action was taken.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

Fiscal Note History: First Reader - January 28, 2008
ncs/jr Revised - Senate Third Reader - March 25, 2008

Analysis by: Alexander M. Rzasa

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

